



Gregory J. Nickels
Mayor of Seattle

December 9, 2003

Honorable Members
Seattle City Council
600 4th Avenue
Seattle, WA 98104

Dear Council President and Members:

I have signed the 2004 Budget adopted by the Council on November 24. As you know from my November 17 letter, I have serious concerns about the level of spending approved by the Council in the 2004 budget. In the past two years, I have proposed almost \$100 million in reductions to City spending. To reform City budgeting, there must be a shared commitment by the Council and the Mayor to balance expenditures with revenues, and create a sustainable city budget that will carry us into the future.

The challenges for the 2004-2005-2006 budgets are formidable. The street lights decision, the continuing recession, projected slow growth in revenues and the bow wave of new voter-approved community centers and libraries coming on line means that, without strong actions now by the Mayor and the Council, those budgets will be seriously out of balance.

I appreciate the fact that the council has recognized spending cuts will be needed. We must work towards mutually agreeable reductions. To that end, I will ask my budget staff to meet with you and your staff to make adjustments to the 2004 budget, with three principles in mind: 1) Make City government live within its means; 2) Preserve basic services; and 3) Establish sustainable levels of spending that will carry us through 2006.

Preliminary to that discussion, I will:

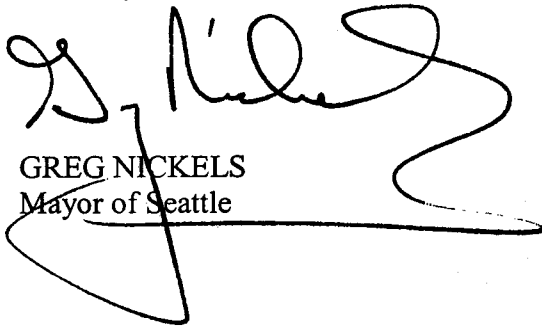
- Extend the hiring freeze for General Fund agencies that I started in August.
- Continue to restrict travel by Executive agencies to out-of-County locations.
- Direct departments to freeze the use of specific 2004 funds until we can develop a revised budget in the first quarter. I will be including in this spending freeze programs added by the Council as well as other areas of expenditure. We cannot spend dollars we do not have. Those adds need to be considered as part of our first quarter decisions.

I look forward to working with you to solve these budget problems, set joint priorities, and put City finances on a sound footing.



In the long term, we must work together to grow revenue by helping to create jobs and economic opportunity for all. To fund basic services, we must grow our way out of the recession. I'm encouraged by our work together, particularly in South Lake Union, the University District and Northgate. There is growing recognition that the answer to our budget problem is jobs.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Nickels', with a large, sweeping flourish extending from the bottom of the signature.

GREG NICKELS
Mayor of Seattle